

Draft

MINUTES OF MEETING

STATE OF WISCONSIN WISCONSIN RETIREMENT BOARD Thursday, March 21, 2002

**Radisson Inn Madison
517 Grand Canyon Drive
Madison, Wisconsin**

BOARD PRESENT: Marilyn Wigdahl, Chair
John Brown, Vice-Chair
Theodore Bauer
Jefferson Davis
Barbara Ermeling
Laura Iliff
Wayne Koessl

BOARD NOT PRESENT: None

PARTICIPATING STAFF: Eric Stanchfield, Secretary
Dave Mills, Deputy Secretary
Julie Reneau, Administrator, Division of Retirement Services
Janet Klosterman, Board Coordinator
Audrey Koehn, Director, Disability Programs Bureau
Linda Owen, Division of Retirement Services
Shelly Schueller, Office of the Secretary

OTHERS PRESENT: Jane Hamblen, Department of Justice
Pam Henning, Director, Office of Strategic Services

Ms. Wigdahl called the meeting to order at 1:32 p.m.

Consideration of Minutes of Previous Meeting

MOTION: Ms. Ermeling moved approval of the minutes of the December 13, 2001 meeting as submitted by the Board Coordinator. Mr. Koessl seconded the motion, which passed without objection on a voice vote.

Election of Officers

➤ Chair

NOMINATION: Mr. Koessl nominated Marilyn Wigdahl to serve as Chair of the Wisconsin Retirement Board. Mr. Davis seconded the nomination.

MOTION: Hearing no further nominations, Mr. Davis moved that the nominations be closed and a unanimous ballot be cast for Marilyn Wigdahl as Chair of the Wisconsin Retirement Board. Mr. Brown seconded the motion, which passed without objection on a voice vote.

➤ **Vice-Chair**

NOMINATION: Mr. Koessler nominated Jack Brown to serve as Vice-Chair of the Wisconsin Retirement Board. Mr. Davis seconded the nomination.

MOTION: Hearing no further nominations, Mr. Koessler moved that the nominations be closed and a unanimous ballot be cast for Jack Brown as Vice-Chair of the Wisconsin Retirement Board. Mr. Davis seconded the motion, which passed without objection on a voice vote.

➤ **Secretary**

NOMINATION: Mr. Koessler nominated Jefferson Davis as Secretary of the Wisconsin Retirement Board. Mr. Brown seconded the nomination.

MOTION: Hearing no further nominations, Mr. Brown moved that the nominations be closed and a unanimous ballot be cast for Jefferson Davis as Secretary of the Wisconsin Retirement Board. Mr. Koessler seconded the motion, which passed without objection on a voice vote.

Membership on the Employee Trust Funds Board

NOMINATION: Mr. Davis nominated Jack Brown to another four-year term on the Employee Trust Funds Board. Mr. Bauer seconded the nomination.

MOTION: Hearing no further nominations, Mr. Bauer moved to appoint Jack Brown to another four-year term on the Employee Trust Funds Board. Mr. Koessler seconded the motion, which passed without objection on a voice vote.

Proposed Benefit Report

Ms. Schueller presented a draft benefit annuity statistical report for review and comment. This report provided summary information on the retirement benefit annuity, disability benefit annuity, and beneficiary benefit annuity applications approved and terminated by the Boards. It also contained current data on the 1999 Wis. Act 11 benefit adjustment backlog. The report was intended to provide a better understanding of trends in WRS benefits.

Ms. Schueller reported that staff plans to present this information at each meeting. For the future, staff would like the Board to consider accepting this report in lieu of the individual benefit lists. The Board is also asked to consider delegating benefit approvals to the Department.

There are four parts to this report:

1. The retirement annuity summary section replaces Exhibits A and A-1. It contains the total number of new retirement benefits started on estimates and finalized in each of the past three months, along with a breakdown by option type selected and information on whether the formula benefit or the money purchase benefit yielded a higher annuity. It also contains the total number of benefits at the maximum formula benefit, a breakdown by gender, and retirement annuity termination totals and by type of termination (returned to work or converted to lump sum). Finally, this section includes the gross annuity payments paid out by ETF in the last three months.

2. The disability annuity summary replaces Exhibit B. It contains similar information as the retirement summary, except that it is specific to the disability programs. It has the total number of disability applications by type of disability, by option type selected, and by gender. It includes a breakout of the disability annuity determinations completed in the past three months.
3. The beneficiary annuity summary replaces Exhibits C and C-1. It provides the total number of beneficiary annuity applications started in the past three months. When there are beneficiary annuity terminations in the reporting period, this information will be included here as well.
4. The Act 11 benefit adjustment backlog. This section shows progress on the backlog of manual annuitant dividends, lump sum benefit supplements, pre-July 2001 final estimated annuities and corrections to final calculations generated by Act 11.

Ms. Schueller noted that this first draft includes data that staff was able to extract from the current computer systems. The Department intends to further expand these statistical reports as part of the Benefit Payment System. Additional statistics include an additional breakdown of annuity applications by age in 5-year increments, average years of service, age at the time a benefit is taken, information on death benefits and comparisons of data on a year-to-year basis. She encouraged the members to contact her if there is additional information they would like to see incorporated into this report.

MOTION: Mr. Brown moved to adopt the new format of a Benefit Annuity Statistical Report in lieu of the existing exhibit lists and delegate authority to staff for approving the benefits and compiling the summary report for the Board's information and acceptance. Mr. Koessl seconded the motion, which passed without objection on a voice vote.

Scope Statement for Proposed Administrative Rules

➤ Amendment to Rule Governing Annuitant Dividends

Ms. Owen presented a scope statement for a proposed administrative rule that would amend the rule governing annuitant dividends. The primary objective of the proposed amendment is to distribute the annual annuitant dividends one month earlier, so that annuitants would receive the dividend beginning with the April 1 payment rather than on May 1. When the original rule specifying the effective date of annuitant dividends was promulgated, the May 1 effective date now specified in the rule was a realistic date. However, improved automation has made it possible to gather the data needed to calculate the dividend rates and to make the annuity adjustments more quickly. This is desirable both from an equity and customer service perspective.

The amendment would also make changes related to prorating dividends under Wis. Adm. Code ETF 20.25, reducing the minimum percentage by which annuities can be adjusted. This would have the effect of recognizing any year's annuity reserve surpluses more rapidly

MOTION: Ms. Ermeling moved approval for drafting a proposed administrative rule that would amend the rule governing annuitant dividends as recommended by staff. Mr. Brown seconded the motion, which passed without objection on a voice vote.

Miscellaneous

The **Pending Appeal Status Report** was included for the Board's information. It was noted that the total number of appeals as of March 1, 2002 is 236, which is down from 300 at the beginning of the fiscal year.

Motion to Convene in Closed Session

Ms. Wigdahl announced that the Wisconsin Retirement Board would convene in closed session pursuant to exemptions contained in Wis. Stats. § 19.85 (1) (a) and (f), for quasi-judicial deliberations and to consider annuity applications containing personal medical information.

Ms. Wigdahl invited staff from the Department of Employee Trust Funds and Attorney Hamblen from the Department of Justice to remain during deliberation regarding annuity applications. Attorney Hamblen, Ms. Walk and Ms. Klosterman were also invited to remain for quasi-judicial deliberations on the appeals.

MOTION: Mr. Koessl moved to convene in closed session pursuant to exemptions contained in Wis. Stats. § 19.85 (1) (a) and (f), for quasi-judicial deliberations and consider annuity applications containing personal medical information. Mr. Brown seconded the motion, which passed without objection on a roll call vote.

MEMBERS VOTING AYE: Bauer, Brown, Davis, Ermeling, Iliff, Koessl and Wigdahl.

MEMBERS VOTING NAY: None.

The Wisconsin Retirement Board convened in closed session at 1:54 p.m. and reconvened in open session at 2:19 p.m.

Announcement of Action Taken on Business Deliberated on During Closed Session

Ms. Wigdahl announced that during the closed session the Board accepted the Reports of Departmental Determination - Disability Application Approvals and Denials, rejected the Hearing Examiner's Proposed Decision in the matter of Appeal #99-034-WR, and remanded Appeal #2000-042-WR to the Hearing Examiner for rehearing.

Adjournment

MOTION: Ms. Ermeling moved to adjourn. Mr. Brown seconded the motion, which passed without objection on a voice vote.

The Wisconsin Retirement Board meeting was adjourned at 2:19 p.m.

Date Approved: _____

Signed: _____

Jefferson Davis
Secretary